



# PSC NEWS

## Missouri Public Service Commission

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### **PSC REJECTS SOUTHWESTERN BELL TARIFF SEEKING TO INCREASE CERTAIN NON-BASIC SERVICES**

Jefferson City (November 13, 2003)---The Missouri Public Service Commission has rejected a tariff filed by Southwestern Bell Telephone Company d/b/a SBC Missouri which sought to increase the rate for Line Status Verification and Busy Line Interrupt services. SBC Missouri sought to increase the rate for those services by eight percent under a price cap filing the telephone company can make under a 1996 state law.

This case involves the issue of the Commission's authority to halt a requested increase in rates that does not exceed the eight percent increase but which is determined by the majority of the Commission to result in rates that are not just and reasonable. The 1996 state law authorized the Commission to employ price cap regulation for certain companies that had previously been subject to traditional rate of return regulation. The law capped the maximum increase for non-basic telecommunications services for such carriers to a maximum of eight percent per year.

In this order, a majority of the Commission has taken the position that it does have the discretion to determine whether the rates are just and reasonable. The Commission has further determined that even though the proposed rates may be within the eight percent as allowed by state law, the increase proposed is excessive.

The Commission rejected the tariff stating in its order: "Based on the consideration of the proposed sheet, the filings and arguments of the parties, and the evidence adduced at the hearing, the Commission concludes that it is authorized and required to determine whether or not the prices contained in a tariff filed under Section 392.245.11 are just and reasonable. In the present case and on the present record, the Commission concludes that the proposed eight percent price increases for LSV (Line Status Verification) and BLI (Busy Line Interrupt) are not just and reasonable. Consequently, the Price Cap Statute requires the Commission to reject the proposed sheet."

The Missouri General Assembly passed legislation in 1996 which granted companies such as SBC Missouri the ability to adjust rates with limited Commission oversight (called price cap regulation).

Line Status Verification is a service in which a customer, receiving a busy signal, requests a SBC Missouri operator to determine whether a conversation is taking place over the line in question. SBC Missouri currently charges \$1.50 for that service. They were seeking to increase that charge to \$1.62. Busy Line Interrupt is a similar service, but includes the interruption of the ongoing conversation by the operator to determine whether the called party is willing to receive a call from the calling party. SBC Missouri sought to increase that charge from the current rate of \$2.31 to \$2.49.

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